

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
FEBRUARY 5, 2004**

---

<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>	<b>PAGE</b>
<b>1</b>	<b>BOISE STATE UNIVERSITY</b> General Revenue Bonds	<b>Motion to approve</b>	<b>1</b>

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
FEBRUARY 5, 2004**

---

**INSTITUTION / AGENCY AGENDA  
BOISE STATE UNIVERSITY**

**REFERENCE**

January 2003: Presentation on Student Services Center Project and motion to add cost to February Single Bond issuance was approved by the Board.

December 2003: Presentation on several projects and Single Bond System

October 2003: Presentation on Single Bond System Concept - no Board action taken

October 2003: Presentation on Interactive Learning Center, Student Services Center and Stadium Health and Safety Improvements - Board granted concept approval, subject to approval of financing

August 2003: Board approved Energy Conservation Project (ESCO), subject to approval of financing

**SUBJECT**

Authorization for issuance of general revenue bonds on behalf of Boise State University to construct certain projects.

**BACKGROUND**

Boise State University requests approval of the State Board of Education to issue approximately \$32,175,000 in tax-exempt revenue bonds (the "Series 2004A Bonds") to construct certain improvements. The Series 2004A Bonds will be used for the following projects. All of the projects have previously been approved by the State Board of Education for construction.

Finance construction of:	<u>Amount</u>
• Interactive Learning Center	
• Student Services Center	\$11,100,000
• Bronco Stadium Improvements	5,000,000
• West Campus Parking Project	2,400,000
	600,000
• Energy Project	<u>10,000,000</u>
Total Project Costs	\$29,100,000

The University will also fund a reserve fund with proceeds of the Series 2004A Bonds, to pay for bond insurance and other costs of issuance

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
FEBRUARY 5, 2004**

---

**INSTITUTION / AGENCY AGENDA  
BOISE STATE UNIVERSITY - continued**

**DISCUSSION**

**Description Of Bonds**

Principal Amount

Approximately \$32,175,000.

Maturities

Serial Maturities from 2005 to 2034. Each project has an individual maturity schedule to coincide with useful life; for example the Energy Improvements Project is amortized over the period during which savings are realized to equal the cost.

Amortization Plan

Level annual debt service for each project, except energy improvements are amortized at same rate as realization of energy savings.

Interest Rates

To be determined on the day of pricing. Estimated scale of yields is 1.25% in 2005 to 4.77% in 2034.

Source of Repayments

Varies by project as was presented with each project approval. For example, energy savings will equal or exceed the debt service on the Energy Improvements. The University's current additional debt paying capacity from the student building fees equals about \$1,000,000 per year, and the Student Services Center will utilize not to exceed \$350,000 per year of this capacity.

Source of Security

General Revenue Pledge of the University. Excludes appropriated funds, grants and contract revenues and restricted gifts.

Ratings

Bonds are rated "AAA" based on bond insurance. Moody's Investors Service and Standard & Poor's each confirmed the University's current ratings of "A1" and "A+" respectively, each with a stable outlook.

Bond Insurance and Cost

Will be provided. Commitment received from FGIC Bond Insurance. Premium quote of 0.262% of total debt service; the other bids ranged as high as 0.37% of total debt service. (The University's Series 2003 Bonds had an insurance premium of 0.334% of total debt service.) The increased interest cost for A rated bonds compared to AAA bonds would exceed the amount of this premium.

**Documents Provided**

With this agenda item, the University is submitting the following documents:

1. Preliminary Official Statement made available to potential investors on January 28, 2004.
2. Supplemental Bond Resolution
3. Bond Purchase Contract
4. Rating Agency Report

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
FEBRUARY 5, 2004**

---

**INSTITUTION / AGENCY AGENDA  
BOISE STATE UNIVERSITY - continued**

Once pricing is concluded, the University will be able to provide the following to be available at the meeting.

1. Number run showing final amounts, interest rates and maturities on the Bonds
2. Insert of pages 8-10 to Supplemental Bond Resolution showing rates and maturities of the Bonds
3. Insert of new Appendix A to Bond Purchase Agreement showing rates and maturities of the Bonds.

Bond pricing will occur during the day of February 5, 2004.

**IMPACT**

If these bonds were to not be approved for sale, Boise State University would not be able to finance and construct the facilities mentioned above. This would cause additional hardship on the educational infrastructure (classrooms, office space, etc.) as new space would not become available to accommodate current and proposed student enrollment.

**STAFF COMMENTS AND RECOMMENDATIONS**

The Board has reviewed these projects, and the single bond concept on several occasions (dates listed above); Board staff has reviewed the need for facilities and financing process with institution staff and recommends Board approval. Staff is relying upon the advice of Boise State University's bond counsel for preparation of accompanying bond documents.

**BOARD ACTION**

A Motion to approve a Supplemental Resolution for the Series 2004A Bonds, the description of which is as follows:

A Supplemental Resolution authorizing the issuance and sale of \$\_\_\_\_\_ <sup>1</sup>  
General Revenue Bonds, Series 2004A, of the Board of Trustees of Boise State University; authorizing the execution and delivery of a Bond Purchase Agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2004A Bonds and the creation of a single bond system.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

---

<sup>1</sup> Exact amount will be available at the meeting. Approximately \$32,175,000.